

Statutory Review Process of Iowa's Energy Efficiency Programs



Energy Efficiency Legislative Study
Committee

October 18, 2007

IUB Energy Efficiency Study and Consumer Survey

- Consumer Survey on Energy – being conducted by Center for Social and Behavioral Research at University of Northern Iowa
 - Approximately 900 completed interviews (out of 1,200)
 - Interviews will be completed in October
 - Preliminary results in early December
- IUB Energy Efficiency Study
 - Iowa utility data collected
 - Preliminary results; energy efficiency savings of MWh, MW, Mcf
 - Detailed results being assembled; program-level results, benefits and costs, greenhouse gas impacts, technologies
 - Information on other states and national studies being extracted from available sources
 - Full written report at end of year



Energy Efficiency– How Are We Doing?

Iowa utilities have achieved lasting benefits for their customers through energy efficiency (EE) programs that target three key areas:

1. **Electric energy savings** (megawatt-hours or MWh) which help utilities reduce the use of coal or natural gas
2. **Electric peak demand savings** (peak megawatts or MW) which avoid new “peaking” plants that use natural gas during summer peak periods
3. **Natural gas savings** (measured in thousand cubic feet or Mcf) which heat Iowans’ homes and businesses and provide the fuel for new bio-based industries



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1. Electric Energy Savings-MWh

- Investor-owned utilities’ (IOUs) electric efficiency plans
 - Developed in early 1990s
 - Renewed in several cycles
 - End of 2006, IOU EE programs reached ongoing and new savings levels of 1.9M MWh per year
 - 6% of IOU electric retail sales
- RECs and munis have ongoing and new savings of more than 300,000 MWh per year in 2006



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2. Electric Peak Demand Savings-MW

- IOU peak demand programs
 - Avoided 980 MW of peak electric demand in 2006
 - Equal to 13% of summer peak
 - Avoided construction of about 9 “peaker” plants of 110 MW each
- RECs and Munis
 - Avoided an additional 600 peak MW of electrical demand
 - Avoided construction of about 5 “peaker” plants



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3. Natural Gas Savings-Mcf

- IOU natural gas EE programs
 - Attained ongoing and new savings of nearly 8 million Mcf per year
 - Equal to about 8% of retail gas sales in 2006
- IOU natural gas savings through 2006
 - Equivalent to the annual gas use of more than 100,000 average homes



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IUB Energy Efficiency Jurisdiction

- 476.1A – EE plans for RECs
- 476.1B – EE plans for municipal electric and gas utilities
- 476.1C – EE plans for small gas utilities



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IUB Energy Efficiency Jurisdiction

- 476.6(14), (16), (18) – EE plans for rate-regulated gas and electric utilities
- 476.62 – Public utility-owned exterior flood lighting replacement requirement



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Statutory Requirements for IOU EE Plans

- IOU EE plans must include:
 - Range of programs for all customer classes (residential, commercial, industrial)
 - Low-income EE assistance
 - Use of Iowa agencies or contractors to maximum extent that is cost-effective
 - Technical assessment of potential



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Statutory Requirements for IOU EE Plans

- IOU EE plans must include:
 - Performance standards
 - Contested proceedings for review of plans
 - Prompt cost recovery
 - Follow-up review of prudent implementation



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Further, the Statute Requires that...

The EE plans must be
cost-effective



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IUB Administrative Rules

IUB has extensive rules for EE

- 199 IAC 35 ~ IOUs
- 199 IAC 36 ~ Munis & RECS



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How a Plan Becomes a Plan

The Process for IOUs



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Process for IOUs

- IOU plans are developed, reviewed, and implemented on 5-year cycle
- Utilities are in the planning process for plans that will be filed in 2008 and effective in 2009



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IUB Starts It Off.....

Board sets dates requiring IOUs to
file new plans



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Investor-Owned Utilities

IOUs begin process to design their energy
efficiency plans

Jack Clark
Iowa Utility Association



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- IOU files plan
- IUB docket plans and sets procedural schedule
- Informal public meetings are scheduled
- Written comments are solicited



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Office of Consumer Advocate

Jennifer Easler
Attorney
Office of Consumer Advocate



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IUB staff:

- Reviews each new IOU EE plan for compliance with IUB rules
- Reviews each IOU EE plan, looking for problems or inconsistencies and verifying the utilities' calculations of key items such as goals, budget numbers, rate impacts and benefit-cost information
- Board may request more information from the utility
- Suggests questions the Board may ask about an IOU EE plan in orders and in hearings



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- Interested parties may intervene
- Formal hearing and cross-examination of testimony occurs
- Post-hearing briefs are filed by parties
- Process differs if the utility and OCA file a settlement agreement
- Board issues decision



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Approved Utility EE Plans

- Utilities must now implement new EE plans
- The plans include:
 - New goals
 - New or revised programs
 - New or revised incentives and promotions
- After a plan is approved, the Board periodically meets with the IOU and stakeholders, to review the results of the plan implementation



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